

## Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 USIA-15 TRSE-00 MBFR-03

SAJ-01 IO-13 OMB-01 SS-15 NSC-10 RSR-01 /120 W

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R 211140Z JUL 73

FM USMISSION NATO

TO SECSTATE WASHDC 914

SECDEF

INFO ALL NATO CAPITALS 3154

AMEMBASSY VALLETTA

USCINCEUR

USDOCOSOUTH

USNMR SHAPE

CONFIDENTIAL USNATO 3479

E.O. 11652: GDS, 12-31-79

TAGS: EFIN, MT. NATO

SUBJ: MALTA: LATEST ITALIAN SPECIAL PAYMENTS PROPOSAL

REF: A) USNATO 3206, B) STATE 137695; C) VALLETTA 1374

SUMMARY: MALTA GROUP REPS MET JULY 19 TO DISCUSS LATEST ITALIAN PAYMENTS PROPOSAL ON INSTRUCTED BASIS. ALTHOUGH U.S. REP ARGUED ITALIAN PROPOSAL WOULD SET PRECEDENT AND UNDERMINE AGREED BASIS FOR SPECIAL PAYMENTS, CONSENSUS WAS TO MEET AUGUST 2 TO EXAMINE ANY FORMULA TO PRESERVE BASIC PRINCIPLE AND STILL ALLOW ITALIANS TO MAKE EXCEPTIONAL PAYMENT. ALTHOUGH WE SEE NO WAY TO DO THIS, WE BELIEVE NATO SHOULD TAKE INTO ACCOUNT POLITICAL IMPERATIVES THE ITALIANS PERCEIVE. ACTION REQUESTED: GUIDANCE FOR AUGUST 2.  
END SUMMARY

1. REPRESENTATIVES OF THE FIVE COUNTRIES MAKING CONTRIBUTIONS TO MALTA PLUS UK MET JULY 19 FOR INSTRUCTED DISCUSSION OF ITALIAN PROPOSAL (REF A) TO MAKE AN EXCEPTIONAL PAYMENT TO MALTA SINCE THEIR WILL BE NO ITALIAN SPECIAL PAYMENT IN OCTOBER. BELGIAN AND FRG REPS  
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SAID THEIR GOVERNMENTS WANTED TO MAINTAIN ORIGINAL PRINCIPLE REGARDING

SPECIAL PAYMENTS, BUT DID NOT OBJECT TO AN EXCEPTIONAL ITALIAN PAYMENT

PROVIDING THIS SET NO PRECEDENT. U.S. REP RELAYED INSTRUCTIONS REF B.  
NETHERLANDS' POSITION WAS SIMILAR TO THAT OF U.S., BUT APPARENTLY NOT  
AS FIRM.

2. ITALIAN REP PICKED UP BELGIAN AND FRG STATEMENTS TO ASK THAT  
ALLIES TRY TO FIND SOME FORMULA THAT WOULD PRESERVE BASIC PRINCIPLE OF  
SPECIAL PAYMENTS AGREEMENT BUT STILL ALLOW ITALY TO MAKE EXCEPTIONAL  
PAYMENT AND THUS AVOID POLITICAL PROBLEMS WITH MINTOFF.

3. U.S. REP REPEATED HIS GOVERNMENT'S VIEW THAT SUCH EXCEPTIONAL  
ITALIAN PAYMENT TO GOM WAS BOUND TO SET PRECEDENT. HE ADDED THOUGHT  
THAT IF GOM RECEIVED EXCEPTIONAL, UNEXPLAINED, ITALIAN PAYMENT,  
MINTOFF  
WOULD LIKELY STILL EXPECT ITALIAN OCTOBER SPECIAL PAYMENT, AND ITALY'S  
POLITICAL OBJECTIVES WOULD NOT BE OBTAINED. IF ITALY EXPLAINED THAT  
EXCEPTIONAL PAYMENT WAS A SUBSTITUTE FOR SPECIAL PAYMENT, BASIC  
PRINCIPLE OF SPECIAL PAYMENTS WOULD BE LOST.

4. HOWEVER, CONSENSUS OF GROUP WAS TO MEET AGAIN AUGUST 2 TO EXAMINE  
ANY PROPOSED FORMULA THAT WOULD PRESERVE PRINCIPLES UNDERLYING SPECIAL  
PAYMENTS AND AT THE SAME TIME ALLOW ITALY TO MAKE AN EXCEPTIONAL PAY-  
MENT IN LIEU OF A SPECIAL PAYMENT IN OCTOBER.

5. WE SEE NO WAY TO SQUARE THIS CIRCLE AND DOUBT THAT OTHER ALLIES  
WILL COME UP WITH SUCH A FORMULA. WE UNDERSTAND INFORMALLY THAT  
ITALIAN LEGAL REQUIREMENTS ARE PRACTICAL REASON BEHIND ITALIAN  
REQUEST FOR COUNCIL "AUTHORIZATION" TO MAKE EXCEPTIONAL PAYMENT.  
AS SEEN FROM HERE, HOWEVER, ITALIANS BELIEVE THEY HAVE A POLITICAL  
REQUIREMENT TO MAKE A PAYMENT NOT SMALLER THAN THE ONE THEY MADE IN  
MAY. WE THINK WE SHOULD LOOK AT FORMULA SUGGESTED AUGUST 2 IN LIGHT  
OF PERCEIVED ITALIAN POLITICAL IMPERATIVES. REQUEST GUIDANCE.  
RUMSFELD

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**To:** STATE  
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